

## Message Text

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ACTION EUR-25

INFO OCT-01 EA-11 ISO-00 SWF-02 AID-20 CEA-02 CIAE-00

COME-00 EB-11 FRB-02 INR-10 NSAE-00 RSC-01 CIEP-02

SP-03 STR-08 TRSE-00 LAB-06 SIL-01 SAM-01 OMB-01 PA-04

PRS-01 USIA-15 SS-20 NSC-07 DRC-01 /155 W

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R 291436Z APR 74

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 8700

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY ROME

AMEMBASSY TOKYO

USMISSION EC BRUSSELS

USMISSION OECD PARIS

C O N F I D E N T I A L PARIS 10319

PASS TREASURY AND FEDERAL RESERVE

E.O. 11652: GDS

TAGS: EFIN, FR

SUBJECT: EC PROPOSALS ON GOLD

REF: THE HAGUE 2042

1. BROSSOLETTE, DIRECTOR OF TREASURY IN FRENCH FINANCE  
MINISTRY, HAS COMMENTED BRIEFLY TO US ON POSITION  
REACHED ON GOLD AT ZEIST MEETING OF EC FINANCE  
MINISTERS APRIL 22-23. BROSSOLETTE, TOGETHER WITH  
BANK OF FRANCE GOVERNOR WORMSER, REPRESENTED FRANCE  
IN ABSENCE OF FINANCE MINISTER GISCARD D'ESTAING.

2. BROSSOLETTE'S DESCRIPTION OF EC POSITION TALLIES  
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WITH THAT CONTAINED IN REFTEL. HE SAID THAT AS REGARDS  
TRANSACTIONS OF CENTRAL BANKS ON OPEN MARKET, GROUP

HAD ENVISAGED POSSIBILITY OF MECHANISM WHEREBY A COMMITTEE OF CENTRAL BANK GOVERNORS WOULD PERIODICALLY FIX UPPER AND LOWER LIMITS ON PRICES AT WHICH SUCH TRANSACTIONS COULD TAKE PLACE. PURPOSE OF THIS DEVICE WOULD BE TO TRY TO DAMPEN FLUCTUATIONS IN MARKET GOLD PRICE.

3. BROSSOLETTE SAID FRENCH WERE NOT HAPPY WITH PROVISO INSERTED AT BRITISH AND DUTCH INSISTENCE THAT THERE SHOULD BE NO NET ACQUISITION OF GOLD BY ANY ONE CENTRAL BANK FROM MARKET OVER COURSE OF YEAR. WHILE THEY HAD FINALLY ACQUIESCED IN THIS FEATURE, THEY FELT IT WOULD BE EXCEEDINGLY COMPLICATED TO ENFORCE. THEY ALSO FELT PROVISO WAS NOT NECESSARY TO MAKE IT CLEAR THAT EC PROPOSAL WAS NOT DESIGNED TO PUT GOLD BACK INTO CENTER OF MONETARY SYSTEM. BROSSOLETTE ARGUED THAT IT WOULD TAKE A LOT MORE THAN AN AGREEMENT RE CENTRAL BANK TRANSACTIONS IN GOLD TO DO THAT.

4. BROSSOLETTE SAID EUROPEANS FELT GOLD QUESTION WAS OF SOME URGENCY, BECAUSE OF ITALIAN NEED TO COVER FOREIGN EXCHANGE DEFICIT. IF INTERNATIONAL UNDERSTANDING COULD BE WORKED OUT ON GOLD, BANK OF FRANCE WOULD BE PREPARED TO ENTER INTO A TOKEN TRANSACTION WITH BANK OF ITALY -- FOR, SAY, \$10 MILLION -- TO DEMONSTRATE WORKABILITY OF ARRANGEMENT.

IRWIN

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## Message Attributes

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**Current Classification:** UNCLASSIFIED  
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